GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure & Investment Dept. – AP Towers Ltd. – Approval of the proposal of APTL for Termination of Joint Venture Agreement between Andhra Pradesh Towers Limited (APTL) and M/s. Pace Digitek Infra Private Limited (PACE DIGITEK) and Winding-up the Joint venture Company *"AP Digital Infra Private Limited" on termination of the Joint Venture Agreement* - Orders - Issued..

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INFRASTRUCTURE & INVESTMENT (Ports. II) DEPARTMENT

G.O.Ms.No.4

Dated:05.02.2024

Read the following:

1. G.O. Ms. No. 22, I&I (OP.I) Dept., Dt: 13-06-2016
2. G.O. Ms. No.17, E.I&I(PORTS) Dept.,Dt: 22-06-2019
3. GO.Ms.No.16, I&I Dept., dated 21.12.2020
4. From the M.D, APTL Lr.No.APTL/JV/37/2023, dated 16.05.2023
5. Govt.Memo No.502/Ports./2016, dt.30.06.2023
6. From the M.D, APTL Lr.No.APTL/JV/37/2023, dated 17.08.2023
7. Govt.Memo No.502/Ports./2016, dt.04.09.2023
8. From the M.D, APTL Lr.No.APTL/JV/37/2023, dated 22.12.2023
9. Govt.Memo No.502/Ports./2016, dt.23.01.2023
10. From the M.D, APTL Lr.No.APTL/JV/37/2023, dated 29.01.2024 along with M/s.Pace Power Systems Ltd., (Pace Digitek Infra Pvt. Ltd.) lr.dt.26.01.23

ORDER:

In the G.O. 1ST read above, Government of Andhra Pradesh incorporated A.P Towers Limited (APTL) under Companies ACT, 2013 with an aim to promote and facilitate telecommunication related infrastructure such as smart towers, mobile towers etc., across the state of A.P to enhance the reach and quality of telecom and related services in Andhra Pradesh. In the G.O. 2nd read above, approved the proposal of the Managing Director, APTL for formation of a Joint Venture Company with the single bid of M/s. Pace Power System Pvt. Ltd. & M/s Lineage Power Pvt. Ltd with APTL with Non-dilutive equity share of 30.33% to develop communication tower Infrastructure in Andhra Pradesh, subject to the following conditions; (i) The JV Company would pay a rental payment of Rs.1250/- per month per site (Ground based towers/ Roof top towers/ Roof top poles) to APTL with an increase of 5%(fve) on completion of every three years. (ii) The other terms and conditions agreed by earlier in the RFP shall remain unaltered. The APTL was nominated as a nodal agency to channelize and forward the tower construction and renewal applications to the specified authorities for according permission for constructing Mobile Towers at Govt sites/ Corporation sites/ Local bodies sites in the State in order to avoid duplication and to have a single window system. Further, vide reference 3rd read above, Government has issued guidelines and rates to be adopted for setting up of Communication Towers in Government sites/Corporation sites/Local bodies sites.

2. In the references read above, the MD, APTL submitted that the Joint Venture partner i.e. M/S Pace Power System Pvt Ltd., (Pace Digitek) have

agreed to submit the detailed business plan within 60 days from the date of receipt of the Guidelines and to commence operations and hence, they were reminded to commence the operations vide APTL letters dt.03.09.2021 & 17.11.2021. But, they have not commenced the operations stating that the rates indicated in the G.O vide reference-3 are not acceptable and asked for revision of rates indicated in the G.O and intimated that they will commence the operations and submit the Business Plan only after issue of the revised G.O with agreeable rates for them. Since they have not commenced the operations for a long time, a letter was issued on 02-03-2022, directing them to commence the operations immediately. But instead of commencing the operations, they have requested for downward revision of rates fixed vide G.O. 3rd read above. A meeting was arranged in the Government, with JV partner M/S. Pace Digitek on 20.04.2022. Pursuant to this, M/s. Pace Digitek Infra Private Limited (PACE DIGITEK) informed that the rates fixed in G.O.Ms. 16, are not in tune with the JV Agreement and again requested for revision of G.O. to enable them to commence the project.

3. MD, APTL further submitted that they were again reminded and requested to commence the operations immediately, vide letter dt. 26.07.2022 and the Pace Digitek, vide lr dated 20.09.2022, informed that they are working on the prospects of the 5G network rollout based on the recent GOI initiatives and soon they will submit the detailed business plan; but, they neither submitted the Business plan nor commenced the operations.

4. Hence, the MD, APTL submitted that as the Consortium of the Strategic Partner have failed to execute the Agreement though requested many times by both the APTL (JV partner) and the Govt to commence the operations and to submit the business Plan as per clauses-2, 10.2 (b) (iv) & (vi), 10.3 and 10.4 of the Agreement, the MD, APTL requested the Government to consider for termination of the JV Agreement with M/S M/s. Pace Digitek Infra Private Limited (PACE DIGITEK), Bengaluru and alternative arrangement may be taken up for a fresh JV agreement with a new and capable frm. MD, APTL submitted that the APTL Board in its 28th meeting held on 04.11.2023 has resolved to recommend the proposal for termination of Joint Venture Agreement with M/s. Pace Digitek Infra Private Limited to Government along with the proposal to wind up the Joint venture Company "AP Digital Private Limited" on termination of the Joint Venture Agreement with M/s. M/s. Pace Digitek Infra Private Limited (PACE DIGITEK) by the Government of Andhra Pradesh."

5. Further, M/s. M/s. Pace Digitek Infra Private Limited (PACE DIGITEK), vide reference-10 informed that they are a very reputable organisation having more than 20 years of presence in India and abroad and have already worked for various Govt. project across India and have never defaulted or failed to deliver to the respective State Governments and DOT including BSNL/BBNL and thus giving detailed explanation, has finally requested to foreclose and provide for mutual termination of the JV and SHA Agreement as per Clause 10, sub clause 10.1.2 thereof, without any further liability or obligations whatsoever, as there has been no material breach of the JV and SHA in any manner. Further, it was submitted that GO vide reference-3 superseded all exclusive rights that were vested with the JV company.

6. Government, after careful examination of the matter, hereby agree the proposal of MD, APTL for the

a. Termination of Joint Venture Agreement between Andhra Pradesh Towers Limited and M/s. Pace Digitek Infra Private Limited (PACE DIGITEK) formerly known as M/s. Pace Power System Pvt. Ltd., as per the orders issued in G.O.Ms.No.17, E,I&I Dept., dt.22.06.2018 and

b. Winding-up the Joint venture Company *"AP Digital Infra Private Limited"* on termination of the Joint Venture Agreement between Andhra Pradesh Towers Limited and M/s. Pace Digitek Infra Private Limited by the Government of Andhra Pradesh.

7. The Managing Director, AP Towers Limited shall take necessary action, accordingly.

8. This order issued with the concurrence of Finance Dept., vide their U.O No. FIN01-FMUOASD(IC)/53/2020-FMU-IIEIC, dated 20.06.2023.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT(FAC)

To
The Managing Director, AP Towers Limited, RTC Complex, Vijayawada
The Accountant General, Andhra Pradesh, Vijayawada.
The Director of Treasuries & Accounts, AP.

Copy to

The Finance (FMU-I&I, Energy and I&C) Dept.,
The GA(Cabinet) Dept., AP Secretariat.
M/s. Pace Digitek Infra Private Limited (PACE DIGITEK), Bengaluru
The P.S. to Special Chief Secretary to Hon'ble CM.
The P.S to Hon'ble Minister for I&I
The P.S. to C.S to Govt.,
The P.S. to Spl. C.S to Govt., I&I Department.
(C.No.502/Ports/2026, Comp.No.156410)
SC/SF

//Forwarded :: By Order//

B. Venkateswarlu
SECTION OFFICER